

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

SUBJECT: Approval of September 7, 2000

ITEM NUMBER: 2

ATTACHMENT(S): 1

ACTION: X

DATE OF MEETING: October 12, 2000

INFORMATION: _____

PRESENTER(S): Chairperson

Please see the attached minutes of the September 7, 2000, meetings of the Teachers' Retirement Board.

PROPOSED
MINUTES OF THE
TEACHERS' RETIREMENT BOARD
OPEN SESSION
THURSDAY, SEPTEMBER 7, 2000
CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM
FIRST FLOOR BOARD ROOM
7667 FOLSOM BOULEVARD
SACRAMENTO, CALIFORNIA 95826

BOARD MEMBERS PRESENT

Emma Zink, Chairperson
Yvonne Bodle
George Fenimore
Gary Lynes
Marty Mathiesen
Lillian Raffel
Walter Barnes, representing the State Controller, Kathleen Connell
Curt Robinson, representing the Superintendent of Public Instruction, Delaine Eastin
Jennifer DuCray-Morrill, representing the State Treasurer, Philip Angelides
Annette Porini, representing the Director of Finance, B. Timothy Gage

STAFF PRESENT

James D. Mosman, Chief Executive Officer
Christopher Waddell, Chief Counsel
Elleen Okada, Director, Investment Administration and External Relations
Peggy Plett, DCEO, Administration
Michael Carter, DCEO, Client Benefits and Services
Laurence Martin, DCEO, Information and Financial Systems
Ken Costa, START Project Director
Ed Derman, DCEO, External Affairs and Program Development
Lynda Bridges, Chief, Service Retirement Division
Francisco Lujano, Chief, Legislative and Planning Division
Ted Hynson, Manager, Administrative Services
Mary Miles, Administrative Assistant

OTHERS PRESENT

Maureen Rice, WorldGroup, Inc.
Deborah Balaam, Visionary Integration Professionals
Dorothy Moser, UTLA-R
Michael Green, CTA
Elizabeth Mackenzie, CRTA
George Wichman, CTA
Lois Shive, CTA
Karen Stapf-Walters, ACSA
Edith White, CRTA
Susan Goff, CRTA

Beverly Carlson, CTA
Angela Aschbrenner, CRTA
James Hull, CRTA
Norman Gould, CRTA
Loretta Toggenburger, UTLA
Bill Collins, CTA
David Hawkins, FACCC

A quorum being present, Chairperson Zink called the meeting to order at 10:10 a.m.

II. **APPROVAL OF MINUTES OF JULY 13, 2000 MEETING**

MOTION duly made by Dr. Bodle, seconded by Mr. Robinson, and carried to approve the Board Meeting Minutes of July 13, 2000.

III. **ANNOUNCEMENTS**

Chairperson Zink announced a special closed session meeting of the Teachers' Retirement Board would be scheduled in approximately ten days to discuss personnel issues.

Mr. Fenimore announced the System had received a Certificate of Achievement for Excellence in Financial Reporting from the Government Financial Officers Association (GFOA) on the Comprehensive Annual Financial Report for fiscal year ended June 30, 1999.

IV. **COMMITTEE REPORTS**

INVESTMENT COMMITTEE: Mr. Lynes, Chairperson of the Investment Committee, reported that, in open session, the Committee approved the Real Estate - Joint Venture Policy, adopted the 2000/01 Investment Branch Objectives and received reports on Legislation, Credit Enhancements, Alternative Investments, Real Estate and a report from the Chief Investment Officer.

Under closed session, the Committee discussed the Alternative Investment Pipeline Report and approved the purchase of a major office building in a major United States city.

BY CONSENSUS, the report of the Investment Committee was accepted.

EXECUTIVE COMPENSATION COMMITTEE: Mr. Fenimore, Chairperson of the Executive Compensation Committee, reported the Committee discussed the pay structure for exempt staff and deferred action on the evaluation of the CIO and CEO to next month.

BY CONSENSUS, the report of the Executive Compensation Committee was accepted.

BENEFITS AND SERVICES COMMITTEE: Dr. Bodle reported that the Committee approved the Consent Agenda. The Committee received information on the CalSTRS Website, the Fiscal Year 1999/00 Production Objective Achievement, and the Level of Service Standards.

BY CONSENSUS, the report of the Benefits and Services Committee was accepted.

HEALTH BENEFITS COMMITTEE: Mr. Barnes reported the Committee will be scheduling all day Task Force meetings for October 2, November 27 and December 18.

BY CONSENSUS, the report of the Health Benefits Committee was accepted.

V. **CHIEF EXECUTIVE OFFICER REPORT**

Mr. Mosman reported, due to the productive legislative year, implementation of the legislation would create a tremendous amount of staff work and severe workload issues. Mr. Mosman stated a special edition of the Retired Educator will be issued in early October to detail the impact of the legislation.

VI. **START PROJECT STATUS**

Mr. Costa and Ms. Rice of WorldGroup, Inc., provided an update on the START Project. A presentation on the Downtime Plan was made by Ms. Bridges, Service Retirement Division Chief, and Ms. Balaam representing Visionary Integration Professionals. The Downtime Plan identifies the best time to go live, what business activities would be impacted, and how to manage specific components.

VII. **UPDATE ON LEGISLATION**

STATE: Mr. Derman reported on the benefit enhancement bills recently passed by the Legislature. Mr. Mathiesen recommended to the Board that staff be directed to start working on next year's proposed benefit enhancement legislation.

Ms. Carlson, CTA, stated she had received responses from members in her area expressing how happy they were with the benefits package. Ms. Carlson introduced Mr. Collins, CTA advocate, who also stated the teachers were ecstatic and thanked Ms. Porini for her work to gain support of the Administration. Mr. Collins also acknowledged CalSTRS staff, especially Mr. Derman. Ms. Moser, UTLA-R and CTA-R, thanked all the people involved including Board, staff, and Mr. Mosman. Ms. Stapf-Walters, thanked Mr. Derman for his expertise and rapport working with the Legislature and Department of Finance. Mr. Hull of CRTA, Mr. Hawkins of FACCC, and Ms. Toggenburger of UTLA, reiterated the feelings of the other organizations.

Ms. DuCray-Morrill requested staff to come back with data on how many people benefited from the creditable compensation legislation. Also, staff was directed to provide an analysis on Proposition 38.

FEDERAL: Mr. Derman reported staff is still waiting action on the appropriation of the Elk Hills money and still working with Congress in getting relief from the Medicare Part A and Part B penalties. Mr. Derman also reported that the CalSTRS logo has been registered with the federal government.

VIII. **TRAVEL**

Mr. Mosman submitted an additional request for Mr. Martin to attend the Microsoft Chief Information Officer Summit on October 8 - 10 in Seattle.

MOTION duly made by Mr. Fenimore, seconded by Ms. DuCray-Morrill, and carried to approve the requests for travel as amended to include Mr. Martin's trip. Mr. Barnes voted no.

MOTION duly made by Mr. Fenimore, seconded by Ms. Porini, and carried to approve the travel summaries as presented. Mr. Barnes voted no.

IX. **APPROVAL OF CONTRACTS EXCEEDING \$500,000**

Mr. Hynson presented this item.

MOTION duly made by Mr. Fenimore, seconded by Ms. Porini, and carried to approve contract amendments and amount for Nanran, Inc., and Visionary Integration Professionals as presented.

X. **CASH BALANCE BENEFIT PROGRAM UPDATE**

Mr. Lujano provided an update to the Cash Balance Benefit Program.

XI. **DRAFT AGENDA FOR THE OCTOBER REGULAR MEETING**

Mr. Mosman distributed a revised proposed agenda. Mr. Mosman stated the need to add an item on the implementation strategy for the new Defined Benefit Supplement Program and a request to perform a new valuation.

XII. **OPPORTUNITY FOR STATEMENTS FROM THE PUBLIC**

Ms. Carlson asked that Proposition 38 be placed on the agenda for the Board's discussion. Mr. Mosman stated the Legal Office will review the ability of the System to take a position on the initiative. Ms. Raffel requested that any financial impact to the System be included in the analysis.

XIII. **MOVED TO CLOSED SESSION**

Chairperson Zink moved into closed session at 12 noon.

XIV. **ADJOURNMENT**

At 12:50 p.m., Chairperson Zink returned to open session.

There being no further business to conduct, the meeting was adjourned at 12:51 p.m.

James D. Mosman, Chief Executive Officer
and Secretary to the Teachers' Retirement Board

Emma Zink, Chairperson